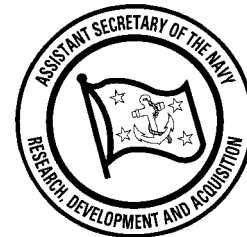




Acquisition Reform

Update



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Navy pursues creation of Acquisition Center of Excellence

In a memorandum dated March 19, 1996, Mr. John Douglass, ASN(RDA), stated "Acquisition Reform is a top priority within the Navy." To accomplish this initiative and to meet force modernization goals, the Navy is instituting an Acquisition Center of Excellence (ACE). The objective of ACE is to reduce the cost and cycle time associated with major weapons systems acquisition by educating Program Executive Officers (PEOs), Program Managers (PMs), and other acquisition professionals on business process re-engineering tools and techniques, and world class acquisition strategies.

The ACE will serve three basic functions: (1) as an interactive work place for program managers to define program objectives and develop and assess new process concepts; (2) as a virtual prototyping laboratory where DoN employs the most robust technological advancements and world-class acquisition strategies; and (3) as an electronically accessible resource library providing information, knowledge, lessons learned, and state-of-the-art practices to our acquisition community. The ACE will be used as a tool to encourage the collaborative synergy necessary to achieve cultural change within the Navy acquisition system/community.

Initial capabilities will include Integrated Product and Process Development techniques, business process reengineering, dynamic business simulation and a Cost as an Independent Variable tool set. It will provide "one-stop" shopping for exploration and program application of world-class practices and processes. It will act as a conduit, building relationships within Navy (e.g., between the Science & Technology and acquisition communities) and among government, academia, and industry.

To understand and harness development and learning already under way, coalitions will be created with the Office of Naval Research, Advance Research Project Agency, Defense Modeling and Simulation Office, Defense Information Systems Agency and Defense Systems Management College. The ACE will serve as a host for these coalitions to bring tools, successes and lessons learned into the Navy acquisition environment.

In April the Acquisition Reform Office will issue a call for future users (potential customers) to participate in a planning forum. The results will be used to accomplish a Quality Functional Deployment (QFD) analysis. For additional information, contact the Director of the Center of Excellence: Karen Sorber, Acquisition Reform Office, (703) 602-5506 or 5508, FAX (703) 602-5481, E:mail sorber_karen@asnrdad.acq-ref.navy.mil

Deskbook program to brief NARSOC

The Deskbook Joint Program Office was chartered by the Honorable Dr. Paul Kaminski, USD(A&T) to develop the Defense Acquisition Deskbook. The Defense Acquisition Deskbook is intended as an enabling technology for empowering acquisition managers with the authority and responsibility to make informed decisions. In a recent speech to the Army acquisition leadership, Dr. Kaminski cited the Defense Acquisition Deskbook as a valuable tool that will soon be on each of their desks and with which they should be familiar. The Deskbook is a visible symbol of the Department's acquisition reform efforts to change the acquisition culture.

The Defense Acquisition Deskbook is an automated reference system cosponsored by Mrs. Colleen Preston, the Deputy Under Secretary of Defense for Acquisition Reform, and Mr. Irving N. Blickstein, the Director of Acquisition
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Program Integration. It provides an easy-to-use system with real-time access to current acquisition information for all DoD components, across all functional disciplines.

It is envisioned as a primary reference tool for the entire Defense acquisition workforce, a means to integrate disciplines, and a vehicle to communicate acquisition reform. Initially, the system will include DoD-wide policy and guidance as well as information specific to the Army, Navy, Marine Corps, Air Force, Defense Logistics Agency, and Special Operations Command. The initial release date is scheduled for May 1996 in conjunction with the release of the revised DoDD 5000.1 and DoDI 5000.2.

LTCOL Dave London, Defense Acquisition Deskbook Program Manager, will brief the Navy Acquisition Reform Senior Oversight Council (NARSOC) on March 28 on the soon-to-be released Deskbook. For more information, contact the Defense Acquisition Deskbook JPO:

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Navy Acquisition Reform more than just talk

*by Janettarose L. Greene
Acquisition Reform Office*

For many years, small businesses felt they didn't have much chance to compete effectively in the complicated and confusing world of government contracting. But in today's Navy, that is no longer the case. Navy officials have been listening to the concerns of small businesses and are ready to address them. In fact, the Department of the Navy has taken some concrete steps in changing the way it acquires goods and services; and Navy acquisition officials expect those changes to greatly benefit small businesses.

The good news is that changes are taking place in all areas of acquisition, including such hot-button areas as past performance and reduced specifications and standards. Government contractors have asked the Navy to use past performance as an evaluation criteria during source selection for years, because doing so gives small businesses, most of which are excellent performers, a better chance to compete fairly on procurements. The time has come for companies with a history of on-time performance and quality deliverables to get the edge they deserve, said Philip E. Salmeri, Certified Professional Contracts Manager. "You get what you pay for," Salmeri said. "A top-notch performer is a low risk, and that risk is worth money."

Other important acquisition reform efforts benefiting small business include: Reducing the number of and types of specifications and standards; substituting performance-based specifications for detailed requirements; and using commercial practices.

"The use of Navy-specific specifications and standards on ACAT program solicitations generally is down more than 80 percent," said Dan Porter, DoN Acquisition Reform Executive. In addition, data items have been reduced from more than 100 on average to about 18, and the Statement of Work (SOW) size has been reduced by about 50 percent.

The Navy also is working on ways to acquire products and services at lower costs while employing commercial practices. To accomplish that goal, the Navy is committed to using commercial standards instead of military-specific standards. "These changes are sure to make the Navy a more inviting place for subcontractors and small companies, including 8(a) firms," said John Douglass, ASN(RDA).

A great way for small businesses to find out what acquisition changes are in store and to provide valuable feedback to those implementing the changes, is by attending one of the Navy's upcoming Industry RoadShows. These RoadShows give small businesses a chance to participate in the acquisition reform process by advising Navy acquisition officials on the best way to implement changes.

"RoadShows are a great opportunity for companies to let us know whether we are on the right track or missing the boat," said Vice Admiral William Bowes, Principal Deputy, ASN(RDA). "We're committed to using the feedback from these RoadShows to take action."

RoadShows will provide small business with invaluable information, including:

- Understanding the Navy's acquisition reform goals and why acquisition processes are changing.
- Facilitating communication between the Navy and its business partners to promote productive business relationships.

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- Demonstrating the Navy's commitment to acquisition reform.
- Providing tutorials to become familiar with new initiatives, including performance-based statements of work, specifications and standards.

"Attending the RoadShow gave us a good overview of the intent of acquisition reform and what progress is being made, especially in the standards area. It showed the Navy's commitment to acquisition reform," said Len Schwartz, VP of Parallax, Inc. an 8(a) company based in Atlanta, Ga.

The RoadShows have been an overwhelming success so

far, playing to sell-out crowds in Arlington, Va. and San Diego, Ca. in January and February 1996. The next RoadShow is scheduled for April 23-24 in Jacksonville, Fla.

For more information on upcoming RoadShows, contact Ms. Janettarose L. Greene at (703) 602-0136. For additional information on the Navy Acquisition Reform, try the Acquisition Reform Website at <http://www.acq-ref.navy.mil>

F/A-18 Program recognized for acquisition excellence

Under Secretary of Defense Dr. Paul G. Kaminski recently singled out a Naval Aviation program as symbolic of the Defense Department's new approach to weapons systems acquisition. In a ceremony attended by over 100 senior government officials and leaders of industry, Dr. Kaminski presented Department of Defense Acquisition Excellence Awards to the leaders of the Navy's F/A-18E/F program. He noted that he had been trying to create an environment more supportive of program management both in the government and in industry, using the Integrated Product Team as the element of change.

The F/A-18E/F program, the Navy's newest aircraft procurement, is 75 percent through its engineering and manufacturing development phase and has remained on cost, on schedule and meeting or exceeding performance specifications. The Navy strike fighter, nicknamed Super Hornet, is typical of defense programs being developed under far less restrictive government oversight than in the past. A new openness in communication, and sharing of technical and cost data, has streamlined the process.

Dr. Kaminski, Under Secretary of Defense for Acquisition and Technology, noted several examples of progress. "In 1994 we took an average of 23 days to come up with a decision memorandum following a Defense Acquisition Board (DAB) meeting. In 1995 we reduced that to 1 ½ days. During 1994, 25 percent of our acquisition programs breached either schedule, cost or performance. In 1995 that had been reduced to 10 percent."

In noting that the F/A-18E/F deserved special credit for leading the way in improving the acquisition process, Dr. Kaminski observed that programs with problems are quickly publicized, but successful programs don't receive adequate recognition. "This is the initial award for acquisition excellence," Dr. Kaminski announced. "It is something we will be doing more of."

Dr. Kaminski was introduced by Mr. John W. Douglass, Assistant Secretary of the Navy (Research, Development and Acquisition). Mr. Douglass noted that not only are good acquisition regulations and procedures essential to the achievements of a program like the F/A-18E/F, but that a program's success boils down to people. "Today we have a

celebration of our people and of our team spirit."

Receiving the acquisition excellence awards on behalf of their teams were: Captain Joe Dyer, USN, F/A-18 Program Manager; Mr. Mike Sears, Vice President and General Manager F/A-18, McDonnell Douglas Aerospace (the F/A-18 prime contractor); Mr. Lou Carrier, Vice President Northrop Gruman Corporation (manufacturer of the F/A-18 center and aft fuselage), and Mr. Dennis Little, Vice President, Military Engines, General Electric Aircraft Engines (manufacturer of the F/A-18E/F's twin F-414 engines).

The event was hosted by VADM John A. Lockard, USN, Commander, Naval Air Systems Command at his Arlington, Va., headquarters. Admiral Lockard recognized several dignitaries in the audience who had contributed significantly to the successful development of the F/A-18E/F. These included: VADM T. J. Lopez, USN, Deputy Chief of Naval Operations (Resources, Warfare Requirements & Assessments); Ms. Nora Slatkin, currently Executive Director, Central Intelligence Agency, but formerly Assistant Secretary of the Navy (ASN(RDA)); and her predecessor, former ASN(RDA) Gerald Cann.

ASN(RDA) issues guidance on Single Plant Process

On February 5 the Navy issued implementation guidelines for the DoD Single Process Initiative. These guidelines call for one DoN team leader designated from the programs having the largest contract dollar value at a facility; the use of SYSCOM expert support as necessary; retention of programmatic accountability; and resolution of disputes by the SAE facilitated by the Acquisition Reform Executive.

The Single Plant Process approach allows streamlined implementation on a facility-wide, rather than a contract by contract basis.

In November 1995, ASN(RDA) provided initial policy to facilitate the implementation of single processes at contractor's facilities. Navy Systems Commanders, Program Executive Officers, and Program Managers were asked to proactively support this initiative by establishing a receptive environment, offering assistance, and reporting barriers. This followed closely on the heels of the September notices published by OSD in the *Commerce Business Daily* and the *Federal Register* encouraging industry participation in this DoD initiative. In December 1995 OSD provided guidance for making block changes to existing contracts to unify management and manufacturing requirements of those contracts on a facility-wide basis, wherever such changes are technically acceptable to the government. This approach

allows streamlined implementation on a facility-wide basis, rather than a contract-by-contract basis.

The Single Process Initiative allows industry, where it makes good business sense, to standardize process requirements on a facility. Contractors are encouraged to propose their own processes based on non-government specifications, standards, or industry best practices that meet the intent of military specifications or standards. For industry, this provides an opportunity to re-engineer management and manufacturing processes to reduce cycle time and achieve quality through design.

The Defense Contract Management Command (DCMC) has the lead to implement this initiative and has directed that management councils be established at all key contractor facilities. This will improve government and industry communication and expedite implementation of single processes in facilities. A senior level OSD/Joint Service/DCMC Steering Group has been established to eliminate barriers and facilitate implementation of the common process approach.

A number of DLA Reinvention Lab contractors have already shown impressive results in implementing a single process facility. Expected benefits across DoD include: integration of defense and commercial manufacturing processes and facilities, better quality, lower cost, faster delivery, and improved competitiveness of defense contractors.

The DoD POC is Frank Doherty, (703) 695-2300. The POC for Navy implementation is CDR Bob Petroka, 602-0136, petroka_bob@asnrddad.acq-ref.navy.mil

Navy employee receives Defense Standardization Award

*by Jeanie Woods
Acquisition Reform Office*

Navy Acquisition Reform celebrated another success along the course to acquisition reform on February 7 when Mr. Allen E. Crout of the Naval Sea Systems Command (NAVSEA) received the Defense Standardization Award for 1995. Mr. Crout is the Director of Electrical Engineering in the Engineering Directorate of NAVSEA. Mr. Walter B. Bergmann II, the Defense Standards Improvement Executive, and Mr. Dan Porter, the Navy Standards Improvement Executive, presented the award to Mr. Crout. The annual award recognizes outstanding performance and achievements in Defense standards improvement.

VADM George R. Sterner, Commander, NAVSEA, initially charted the course that eventually resulted in Mr. Crout receiving the distinguished Department of Defense (DoD) award. VADM Sterner assigned Mr. Crout as the lead for the Navy participants in a DoD Process Action Team (PAT) on standards improvement in 1993. Mr. Darold Griffin, PAT

Chair, further charted Mr. Crout's course toward DoD-wide recognition. Mr. Griffin asked Mr. Crout to lead the group on Management and Manufacturing Standards during Mr. Crout's tenure with the standards improvement PAT. The success of Mr. Crout's efforts and the PAT was evident. The report resulting from the PAT became official policy when Secretary of Defense Perry issued his memorandum on specifications and standards reform entitled, "A New Way of Doing Business."

Our Navy employees continue to excel and identify ways to improve the processes by which we operate in the acquisition workforce.

VADM Sterner again had a hand in further charting Mr. Crout's course in 1994, designating him as the NAVSEA Command Standards Improvement Executive (CSIE). Since his CSIE assignment, Mr. Crout has actively worked on the plans and actions to implement specifications and standards reform within NAVSEA and the Navy. In 1995, Mr. Crout led a DoD Action Team or SWAT that developed strategies for both DoD's transition to the use of non-government standards and for the interface with industry developers and users. The resulting SWAT report defines the basic process for handling industry feedback and technical exchange with organizations using non-government standards.

Mr. Crout's significant contributions and his DoD award are examples of successes along the acquisition reform course. Our Navy employees continue to excel and identify ways to improve the processes by which we operate in the acquisition workforce.

To the Navy's and DoD's loss, Mr. Crout, a member of the Senior Executive Service, retired on February 23 after more than 23 years of federal service. Mr. Crout plans an active retirement working as a consultant in electrical engineering. He will also continue his notable efforts in standardization with the Institute of Electrical and Electronics Engineers and with the International Electrotechnical Commission (IEC). Mr. Crout is one of five American delegates to the IEC, a worldwide organization.

Copies of the Navy Acquisition Reform Management Action Plan are available from the Acquisition Reform Office. The Plan has been printed in a brochure format for ease of use. Please contact ARO at (703) 602-5506 or 5508.

Share your lessons learned. To contribute to the AR Update, call or visit Alex Dean at (703) 602-0263, CP#5, room 924, Crystal City, VA, or FAX (703) 602-5481 or E-Mail (dean_alex@asnrddad.acq-ref.navy.mil)